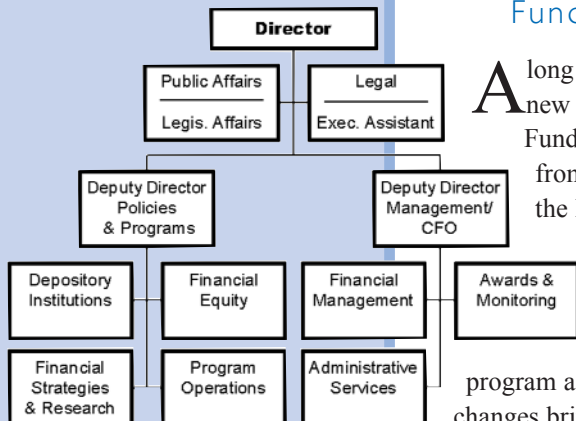


CDFI *fund* INNOVATOR

Moving the Field Forward

New Directions: Fund Re-Forms Along Functional Lines



Along with a New Year will come new changes within the CDFI Fund. After receiving approval from the Treasury Department, the Fund has reorganized its internal structure as of January 1, 2002, making modifications that will significantly affect the program aspect of the Fund. These changes bring an anticipated advantage to the Fund in achieving several results:

- Placing a higher accountability on the Fund to complete application reviews, make award obligations and close and disburse awards in a timely manner.

- Successfully integrating the New Markets Tax Credit Program within the existing operations.

- Enhancing the Fund's ability to perform research, market and portfolio analysis to measure the availability of financial services in underserved markets and critique the financial performance of various loan funds or CDFIs.

- Positioning the Fund to be able to absorb increased programmatic responsibilities from the Treasury Department as new programs are assigned.

("New Directions" continued on page 3)

New Markets Tax Credit

IRS Issues Temporary Program Regulations; Allocation Applications Coming Soon

On December 20, 2001, the CDFI Fund published in the Federal Register, guidance on how organizations can apply to be certified as Community Development Entities (CDEs) in the New Markets Tax Credits (NMTC) Program. On December 26, 2001, the Internal Revenue Service published temporary regulations in the Federal Register governing the operation of the NMTC Program. Passed by Congress in December of 2000, the NMTC Program authorizes tax credits for up to \$15 billion of new private sector investment

in economically distressed communities.

The NMTC Program works as follows: 1) a domestic corporation or partnership applies to the CDFI Fund for certification as a CDE [see the Fund's Fall 2001 newsletter for information on becoming a CDE]; 2) a certified CDE may apply to the Fund for an allocation of tax credits; 3) a for-profit CDE that receives such an allocation has five years over which to sell such tax credits to tax paying investors; 4) the CDE invests the proceeds from the sale of the tax credits

("New Markets" continued on page 6)

INSIDE

- 2 Director's Message
- 3 Fund News
- 5 Program News
- 9 Personnel News
- 10 Practitioners Perspective



"We Love New York"

U.S. Department of the Treasury



Volume 5 | Issue 1

Greetings:

My first six months at the Fund have been fast paced and enjoyable. I have had the opportunity to share my vision with many of you during conferences and one-on-one gatherings in your markets. One thing is clear – The CDFI Fund is important to you. The other thing that is clear – we can improve upon our response time as measured by how long it takes us to disburse your award.

The feature article this month will detail how the Fund has been reorganized to better serve our customers. The new organization shifted our structure from being organized by programs to functions. This reorganization closely aligns to the strategic direction of the Fund and the mission of the United States Department of Treasury. Our new structure will place higher accountability on the Fund to complete application reviews; make award obligations; and close and disburse awards in a more timely manner.

A main feature of the reorganization to achieve this end is the re-conception of Program Operations and Financial Strategies and Research. Program Operations represents a consolidation of several working units at the Fund that formerly analyzed BEA, Core, and SECA applications separately. Now all three programs, along with NACTA, will be brought together for uniform, regional, and hopefully, speedier treatment and response. It is my goal that Program Operations will be able to get more CDFI dollars out on the street working within 12 months or less of application deadlines.



Tony Brown, Director

Financial Strategies and Research is the former Policy and Research unit. It has been restructured and fully staffed in order for the Fund to design the best possible methods for studying the field. In-depth portfolio analysis and a performance assessment model will be introduced as key components to our new compliance monitoring process.

This issue of the CDFI Fund newsletter marks the first stage in our efforts to keep you apace of the innovations that we are undertaking at the Fund. Perhaps you noticed the new name of our newsletter, **CDFI Fund Innovator**. We're working hard to make the materials we provide to you not only "user friendly", but also to furnish information that will help move the CDFI field forward.

I always welcome your input and thoughts as we strive to make our delivery systems better and our role at the Fund clearer. I'm looking forward to our continuing discussion!

Sincerely yours,

Tony T. Brown
Director, CDFI Fund
US Department of the Treasury



The Community Development Financial

Institutions Fund is a wholly-owned government corporation within the U.S. Department of the Treasury.

Vision: An America in which all people have adequate access to credit, capital and affordable financial services. **Mission:** To expand the capacity of financial institutions to provide capital, credit and financial services in underserved markets.

The CDFI Fund encourages the dissemination of new ideas and information to further community development in the United States. Articles authored by people who are not CDFI Fund employees, or about programs or products not administered by the Fund, however, may not be endorsed by the Fund nor has the Fund conducted any independent research to determine their accuracy.

"CDFI Fund Innovator" is designed and edited by the CDFI Fund's Office of Public Affairs and Communications and published four times a year.

Phone (202) 622-8662 | Fax (202) 622-7754

If you receive duplicate issues of this newsletter, please notify us.

VISIT OUR WEBSITE FOR UP-TO-DATE
INFORMATION ON THE FUND
www.cdfifund.gov

US Department of the Treasury



Community Development
Financial Institutions Fund
601 Thirteenth Street, NW
Suite 200 South
Washington, D.C. 20005
www.cdfifund.gov

CDFI FUND News

FUND REORGANIZATION

("New Directions" continued from cover)

Programmatic Changes

As opposed to each program (BEA, Core, SECA, NACTA, and New Markets) having its own separate team working independently of the other entities, the program side of the Fund will be re-organized and divided into four units: Depository Institutions, Financial Equities, Financial Strategies and Research, and Program Operations. Each unit will work in close cooperation with the others but will serve distinct, separate functions that will increase efficiency within the Fund.

The Depository Institutions sector of the Fund will manage the Fund's strategy involving regulated financial institutions such as banks, thrifts and credit unions. The BEA Program will be a primary focus under this sector. Depository Institutions will also be positioned to potentially take on more program responsibilities as the Department of Treasury expands initiatives such as its financial literacy campaign.

The Financial Equities unit of the Fund will house the New

Markets Tax Credit
 "... the Fund hopes to build its reputation as an industry expert in the community development finance industry..."

(NMTC) Program and will be responsible for developing program procedures and regulations that will facilitate the NMTC Program's efficiency and help monitor how the allocations of tax credits were used to spur \$15 billion of investments in low-income areas. Financial Equities will work in several areas of responsibilities, including:

- Interacting with federal agencies, Legal Counsel, Compliance and Monitoring and other Fund staff to implement the new program, draft regulations, set policies, establish all NMTC processes, and measure impact.

- Serving as the primary analysts in assessing applications for NMTC allocations.

- Processing certification applications from community development entities, in coordination with the Program Operations Unit.

- Coordinating and monitoring allocations of NMTCs with the Fund's Compliance and Monitoring Unit.

With the goal to elevate the CDFI Fund as an expert in the field of community development finance and market development, Financial Strategies and Research was developed as a stand-alone unit with increased market and program analysis responsibilities. Some of those duties include the gathering and analysis of

"... the program side of the Fund will (be) divided into four units:

Depository Institutions,
 Financial Equities,
 Financial Strategies and
 Research and
 Program
 Operations..."

information about CDFIs and Fund awardees, identification of Fund market penetration, and analysis of market environments that would help the Fund with making resource allocations and decisions. Financial Strategies and Research will also manage the Fund's Technical Training Program and training resources and will assist in developing program strategies to meet the unique needs of targeted markets, such as Native Americans or workers displaced by international trade, where documentation shows specialized needs. Through the research and analysis of the unit, the Fund hopes to build its reputation as an industry expert in the community development finance industry through several activities, including:

- Periodic research papers measuring the adequacy of credit, capital and financial services in underserved markets.

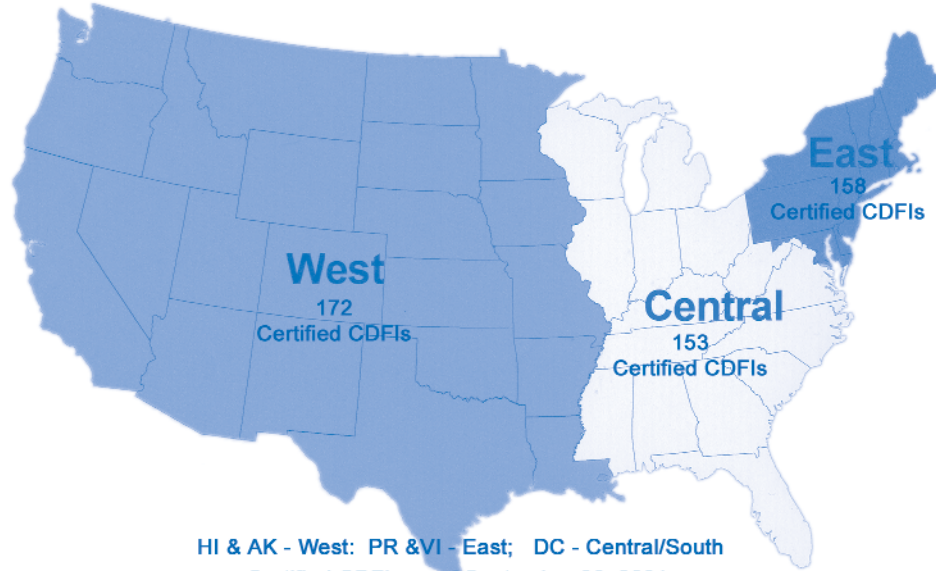
- Portfolio analysis that allows a CDFI to compare itself to its peers' performance.

- Development of a CDFI risk assessment tool to measure the

("New Directions" continued on page 4)

("New Directions" continued from page 3)

Program Operations - Regions



sustainability and impact of certified CDFIs.

- Annual surveys measuring community impact and production results.

Program Operations

The most significant change will occur in the Program Operations unit. Nearly all advisors and program analysts will be grouped within this function and organized by region geographically (East, Central and West) with each analyst reporting to a regional advisor rather than to a program advisor. Each advisor and analyst will be responsible for all programs including certifications, Core, SECA, NACTA and technical assistance programs and policies within his/her assigned region. The primary goal of the unit is to expedite the completion of

certifications and the processing of award recommendations. Analysts will continue to work across program lines and will play leading roles in processing Core, SECA, BEA and

("New Directions" continued on page 5)

NACTA applications and, when needed, they will assist in processing NMTC applications as well.



Fred Cooper is now the Deputy Director for

Policy and Programs. He is responsible chiefly for executing the direction of the new reorganization within the program side of the Fund. Fred has been with the Fund since 1996, beginning work as a Special Investment Officer. He is the only person at the Fund to have served on a selection panel for CDFI awards for every funding round. Prior to being appointed Deputy Director, Fred was the manager of capacity building programs at the Fund, which included the SECA, NACTA, TA and training programs.



Margie Nilson will now manage the Depository Institutions unit.

She is responsible for program policies, new programs and impact performance to achieve customer clarity, increased application review and processing efficiency. Margie will also consult with the Program Operations and Financial Strategies and Research Managers, respectively, on operational improvements, reports and analyses regarding programs assigned to this function.



Louisa Quittman has been named

the Program Operations Manager. She is responsible for program operations involving certifications, Core, SECA, NACTA and technical assistance programs and policies. All Regional Advisors will report directly to Louisa.

In other personnel news, the Fund welcomes: Denise Polk - Awards Manager; Alicia Bowie - Budget Analyst; Joy Clinkscales - Attorney; and Valencia McFerin - Grant Awards Specialist.

(See "New Personnel" on page 9)

("New Directions" continued from page 4)

Administration Changes

Although fewer changes will be made to the administration side of the Fund, some re-structuring has occurred. Most notably, a new office called Awards Management and Monitoring has been created. This sector will combine the functions of Compliance Monitoring and Evaluation and Awards Management into one central unit that will be responsible for:

- Improving coordination between Awards Management and Monitoring and creating a seamless process flow among the Policy and Program, Legal, and Awards Management and Monitoring units.
- Receiving and tracking all formal communications from applicants and awardees, i.e. applications, annual and semi-annual reports, annual statements, etc.
- Processing of awards notifications and disbursements.

- Conducting compliance monitoring and evaluation, including review of NMTC awardees.

- Maintaining the master award files.

These changes being made at the Fund are to improve alignment of the organization with the strategic direction of Treasury and the CDFI Fund. Our primary goals are customer service and operational efficiency. ♦

TREASURY News

FIRST ACCOUNTS

BY STEVE LAUGHTON

"First Accounts" is a new and exciting grant program administered by the Department of the Treasury's Office of the Assistant Secretary for Financial Institutions. First Accounts fosters building private sector financial relationships with low- and moderate-income individuals who currently do not have a checking, savings, or other type of account.

The Consolidated Appropriations Act, 2001 and the Department of Transportation and Related Agencies Appropriations Act, 2001 appropriated funds to Treasury to develop and implement programs to expand access to financial services for low- and moderate-income individuals (the "First Accounts Program"). Treasury will implement the First Accounts Program through three related mechanisms: (1) Funding private sector provision of low-cost accounts and access to Automated Teller Machines to low- and moderate-income individuals who do not currently utilize bank accounts or other financial service

opportunities; (2) Funding financial education for low- and moderate-income individuals; and (3) Conducting research on the financial services needs of low- and moderate-income individuals.

On December 27, 2001, Treasury published a Notice of Funds Availability (the "NOFA") in the Federal Register. The NOFA invites grant applications from eligible entities that will either directly, or through one or more insured depository institutions/insured credit unions, provide low-cost electronic, checking, or other types of accounts to low- and moderate-income individuals who currently do not have an account with an insured depository institution or an insured credit union. The paramount goal of the First Accounts Program grants to be awarded under the NOFA is to move a maximum number of "unbanked" low- and moderate-income individuals to a "banked" status with either an insured depository institution or an insured credit union.

Treasury intends to award up to \$8 million in appropriated funds under the NOFA through a competitive evaluation and selection process. Eligible entities include, but are not limited to, insured depository institutions, insured credit unions, financial services electronic networks, employers of unbanked low- and moderate-income individuals, community development financial institutions, nonprofit organizations, States, Local Governments, Indian Tribal Governments, and labor organizations. Entities selected to receive grants will be required to enter into a grant agreement with Treasury before receiving any grant funds.

The NOFA and the application are available on the Treasury website at www.treas.gov/firstaccounts.

The deadline for receipt of an application at Treasury is March 20, 2002.

New Markets *(continued from cover)*

in qualifying investments in designated low-income census tracts; and 5) provided the CDE is in compliance for seven years, the investors may claim NMTCs on their tax returns. The value of the tax credits is 39 percent of the total amount invested, and is claimed over the seven-year period (5% in each of the first three years, and 6% in each of the next four years).

The Fund expects to make NMTC allocation applications available this spring. The application had not been finalized at press time. Broadly speaking, however, the Fund expects to judge applications on the basis of a CDE's plan, capacity and experience in raising equity from investors, its strategy, and capacity for using the proceeds of NMTC equity investments to make qualified investments as described by the

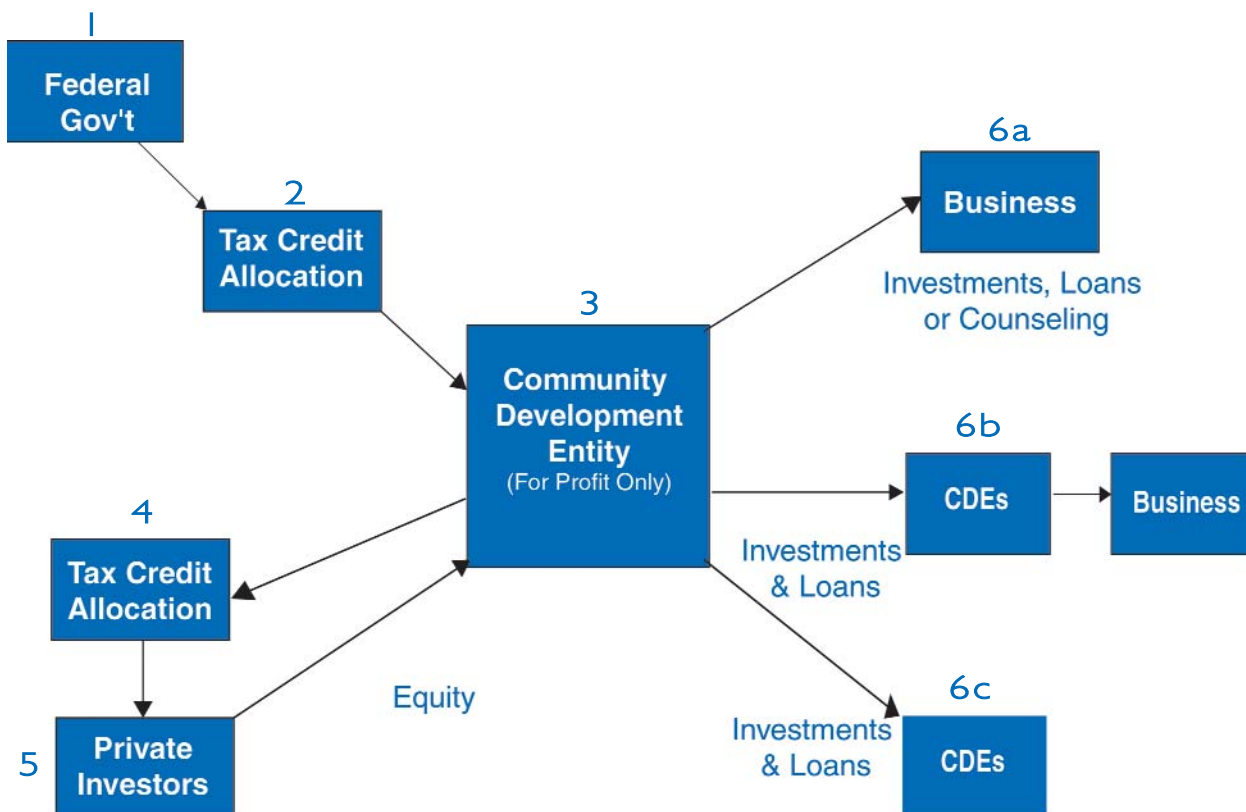
legislation, its track record in raising and deploying capital, and a CDE's organizational strength, experience and resources to remain compliant with the program's regulations. Consistent with the statute, the Fund will give priority, among otherwise qualified applicants, to those CDEs with a track record of having successfully provided capital or technical assistance to disadvantaged businesses or communities and to those CDEs making investments in unrelated businesses. Once the Fund makes the application available, it will hold information sessions at locations throughout the country. For sites and dates of the upcoming NMTC information sessions, be sure to continue checking the Fund's website at www.cdfifund.gov.

Eligible Uses of NMTC Proceeds

Once a CDE has obtained a NMTC allocation and has sold credits to investors, the CDE must use the proceeds within 12 months in one of four ways: 1) to make loans to or investments in qualified low-income community businesses; 2) to purchase qualifying loans from other CDEs; 3) to provide financial counseling and related services (essentially management and operational assistance) to businesses and/or residents of low-income communities; and/or 4) to make loans to or investments in other CDEs.

Interested parties should consult the IRS regulations and the Fund's discussion of key NMTC issues (both of which are available on the Fund's website) for guidance; the following offers a brief overview of the program's major points.

("New Markets" continued on page 7)



New Markets in Appalachia

The CDFI Fund, along with the Appalachian Regional Commission, will hold two day-long sessions in Appalachia on the New Markets Tax Credit Program. Focusing on investors and practitioners, the workshops will be held April 8 and 10, 2002.

April 8, 2002 - Huntsville, AL

Challenger Auditorium

U.S. Space and Rocket Center

One Tranquility Base

Huntsville, AL 35806

256/837-3400

hotel accommodations: Marriott Hotel 256/830-2222

April 10, 2002 - Pittsburgh, PA

Regional Enterprise Tower

(former Alcoa Headquarters)

31st Floor - 425 Sixth Avenue

Pittsburgh, PA 15219

412/281-0734

hotel accommodations: William Penn Hotel 412/281-7100

For Registration, Contact:

Wilma Dantzler - ARC - 1666 Connecticut Ave, NW - Washington, DC 20009

Phone: 202-884-7750 Fax: 202-884-7682 E-mail: wdantzler@arc.gov

Payment - checks and government purchase orders are accepted

for the \$35 lunch/materials fee, payable to

the **Appalachian Regional Commission**

("New Markets" continued from page 6)

In order to qualify as an eligible low-income community business:

1) a company must derive at least half of its total gross income from low-income community(ies); 2) at least 40 percent of the business' tangible (i.e. physical) property must be used in low-income communities; The business needs to determine the value of any rented/leased property (such as office space, furniture, machinery, etc.) and include such property in its calculations; 3) The business' employees must collectively spend at least 40 percent of their paid time working in low-income communities. If at least 50 percent of a business' tangible property and employee time is spent in a low-income community, the company automatically meets the total gross income requirement in part (1). A business is treated as qualified for the duration of the CDE's investment in the entity if the CDE reasonably expects, at the time

the CDE makes the investment, that the entity will satisfy the requirement to be a qualified business throughout the entire period of the investment, so long as the business is not controlled by the CDE. While most business types can qualify as investment for the NMTC, there are certain types of businesses that statutorily are not eligible; check the regulations for details.

It is anticipated that the NMTC Program will help re-capitalize community development entities by creating quasi-secondary markets for their loans. Both the statute and the regulations allow for CDEs to purchase qualifying loans/investments from other CDEs. The selling CDE will thus be able to originate new loans or investments with the proceeds from its sale of a loan or investment portfolio to another CDE. The selling CDE can be either non-profit or for-profit. The most likely type of qualifying

loan/investment is one that has been made to an eligible low-income community business (see above). Provided that the borrower/investee qualified as such a business either at the time of the loan/investment closing or at the time of the selling CDE's sale of the loan/investment, the loan/investment purchase would qualify as an eligible use of NMTC proceeds.

A CDE can use its NMTC proceeds to make loans/investments in another CDE (or CDEs), regardless of whether the recipient CDE is for-profit or non-profit, provided that the recipient CDE uses the loan/investment proceeds either to make loans/investments in qualified low-income community businesses or to provide eligible financial counseling services. If the second CDE doesn't use the monies appropriately (e.g., it uses them for general operations), then the CDE-to-CDE transaction does not count as an eligible NMTC investment, and the investors in the first CDE will suffer a recapture of tax credits taken on their tax returns.

The "Substantially All" Test

To ensure that the bulk of the monies raised through the NMTC Program are invested in economic activities in low-income communities, the regulations require that "substantially all" of the NMTC proceeds be used for one or more of the qualified activities/investments described above.

In the regulations, the IRS also provides that a CDE can invest 85 percent of its cash in qualified investments to meet the "substantially all" test in each of the first six years

("New Markets" continued on page 8)

("New Markets" continued from page 7)

of the investment period. It must keep at least 75 percent of those monies in qualified investments during the seventh year. This means that a CDE has to account for NMTC dollars and ensure that the requisite percentage is in appropriate activities/investments. The statute provides a safe harbor under which a CDE can invest 85 percent of its gross assets in qualified investments and be considered in compliance with the "substantially all" test. Using the "gross assets" safe harbor, the CDE need not trace the NMTC dollars if it consistently maintains at least 85 percent of its total assets in qualified activities/investments (75 percent in year 7). In effect, a CDE using the gross assets safe harbor approach will have to be able to show that 85 percent or more of its assets (including loans receivable, cash, property and equipment, etc.) is in the form of the four eligible investments/activities described above.

There was considerable public comment to the IRS about what counts toward the 85 percent threshold. The regulations essentially require that at least 85 percent of a CDE's NMTC proceeds be invested in eligible businesses/CDEs in the form of qualified loans, investments, purchased CDE loans/investments, and/or financial counseling. An additional five percent of the NMTC monies can be held by the CDE in the form of cash designated as loss reserves and/or future investment in existing qualified investments. It does not include cash used for the operation or management of the CDE;

For more information on becoming certified for the NMTC Program, please visit the Fund's website at www.cdfifund.gov

those resources could be part of the 15 percent not included in the "substantially all" calculations.

Because of the complexity of the "substantially all" requirement, we suggest that interested parties consult the IRS regulations available on the Fund's website.

Recapture

The IRS regulations address the central concern of both investors and community development practitioners: the recapture of a CDE's equity investor's new markets tax credits. In such a case, the investor will be required to amend and restate prior years tax returns removing the tax credit, thus exposing a taxpayer to penalties or interest payments as a result of the underpayment of taxes.

The investors' tax credits are subject to recapture if the CDE at any time ceases to be certified as a CDE or fails to meet the "substantially all" test. Furthermore, the IRS may recapture the investor's credits if a CDE redeems the investor's equity investment at any time prior to the seven-year anniversary of the investment. A CDE may pay out dividends or interest to its investors throughout the course of the seven-year period, provided that those payments do not represent a return of the original investment. Although there is no formal provision that allows the CDE a grace period to remedy any of these issues, the regulations do allow a CDE to petition the IRS for a waiver of certain rules and/or for an extension of time to meet any of the rules, provided that such an action would not materially jeopardize the purposes of the NMTC Program. ♦



Linda Davenport Starts as NMTC Manager

On January 7, the Fund welcomed Linda Davenport as the Manager of the New Markets Tax Credit Program. Linda has over 20 years of experience in the affordable housing and community development industries. For most of the past five years she was a Managing Director with Fannie Mae's American Communities Fund, which works to invest equity in potentially high-impact, difficult-to-finance residential, and/or retail projects in underserved communities. She participated in roughly \$150 million of such redevelopment efforts.

Prior to Fannie Mae, Linda worked as General Counsel and then Executive Vice President with the National Housing Partnership. The Congressionally-mandated organization owned, managed, and developed both affordable and market-rate housing through a number of government assistance programs. Linda worked on both the passage of the Low-Income Housing Tax Credit and FIRREA legislation. She subsequently coordinated NHP's acquisition of approximately 8,000 rental units from the Resolution Trust Corporation under FIRREA's affordable housing set aside.

A graduate of Michigan State University, Linda received her law degree from California Western School of Law.



CDFI FUND *News*

NEW PERSONNEL



Denise Polk joins us as our Awards Manager. Denise worked with USDA, Cooperative Research, Education and Extension Service for almost 20 years in the grants arena. She has held various positions at CSREES with the latest being the Chief, Grants Management Branch, where she provided guidance and assistance for 1200 competitive and non-competitive annual awards for 20 different CSREES Federal assistance programs totaling \$240 million. She played a key role in the solicitation, review, award and post-award management of the Agency's grants. During her career, Denise has worked with recipients from all socio-economic backgrounds, for-profit research and development firms and community action groups.



Valencia McFerrin joins the Fund as a Grants Awards Specialist. Previously, she was employed by Georgetown University as Senior Accountant/Financial Management Officer; The Nature Conservancy as the Director of Grants and Contracts; and The Aspen Institute as Grants Accounting Manager.

A member of USDA/CSREES (Cooperative State Research, Education and Extension Service), Valencia has served as a Team Leader in the Office of Extramural Programs where she managed the 1890 Facilities grant program and the 1862 Buildings and Facilities program.



Joy Clinkscales is a new attorney in our Office of Legal Counsel. Joy is a graduate of American University Washington College of Law where she was a student attorney in the Community Economic Development Law Clinic. In this capacity she served as the attorney for a variety of community development organizations, including community development corporations and a charter school. Notably, she represented the interests of a group of public housing residents associations in a HOPE VI project development, which received HUD's largest funding for that funding round. Joy holds a BA in English and History from Emory University.

Picture Not
Available at
Press Time

Alicia Bowie is our new Budget Analyst working in the Finance Office. She has a BA in Human Services Management and a MPA in Business and Government Relations, and is a graduate from the Presidential Management Intern Program in 2000. Her internship and assignments were as a budget analyst with the US Army, Assistant Secretary for Financial Management. Alicia's previous position was with NOAA at the Department of Commerce as the project leader for Activity Based Costing and Management. ♦



Dir. Brown with members of Asian Americans for Equality (AAFE) and its affiliate, Renaissance Economic Development Corporation, and Chinatown business leaders

For many years, New York City has been one of the nation's centers of vitality when it comes to community development finance. The city boasts 24 certified CDFIs, and awards have been made to over 34 organizations and banks that cover the full range of community finance activities, from personal banking to affordable housing to microenterprise development to facilities development. With such a large population, and hundreds of distressed neighborhoods, it is hardly surprising to find this hotbed of CDFI activity.

And, as CDFI Fund Director Tony T. Brown learned in a December visit to the Lower East Side, CDFIs there have cranked up the level of production to meet the

challenges that followed the destruction of the World Trade Center last September. In a two-day swing shortly before Christmas, 2001, Director Brown visited with Asian Americans for Equality (AAFE) and their affiliate, Renaissance Economic Development Corporation (REDC); Primary Care Development Corporation; and the Non-Profit Finance Fund.

A wide-ranging walking tour of Chinatown vividly illustrated the secondary "destruction" that resulted from the September 11th tragedy. Sometimes called "Ground Two," 75 percent of Chinatown lies outside of the area designated for Federal emergency relief even though it rests only a few blocks away from the strike zone. Stops were made at several businesses financed through REDC, including a restaurant, a retail gift shop, and a garment factory, core "industries" to this unique section of New York.

All of these Asian

American small business owners had the same tale to tell. Business is off by up to 70 percent, and the continued disruption of traffic flow and barricaded pedestrian byways are contributing to the inability for things to improve. With so many layoffs, there is less disposable income in the area. AAFE and its partner have been critical to the stabilization of the situation, making emergency loans to float these businesses over very hard times, indeed.

In a similar circumstance, a visit to a comprehensive health care facility financed by Primary Care Development Corporation (PCDC), illuminated the fallout resulting for those needing health care. Because vast numbers of workers became



Dir. Brown with PCDC CEO Ronda Kotelchuck (rt) and Marjorie Cadogan, PCDC Operations Director.

unemployed in the wink of an eye, many were left without any form of health care coverage. The Betances Health Center, financed through PCDC, has seen a significant

("New York" continued on page 11)

We



New York

CDFIs Stepping up to the plate to help those in need

("New York" continued from page 10)

upswing in the numbers requiring health care, and no way to pay for it.

Betances is a prime example of the work PCDC does to finance primary care facilities in communities that lack access to basic medical services. Their miraculous renovation of a grocery store into a full-service health center (including eye, dental, physical therapy and counseling) is a clear demonstration of what it is possible to create in distressed communities with appropriate financing.

In a roundtable discussion sponsored by the Non-Profit Finance



Roundtable with: Dir. Brown, Clara Miller, President, Non-Profit Finance Fund; Lloyd Brown, Senior Vice President, The Bank of New York; and Kerwin Tesdell, President, Community Development Venture Capital Alliance (CDVCA)

Fund, CDFI industry leaders gathered with Director Brown to discuss Fund programs as well as the situation in New York City. One of the most important lessons learned over the two-day trip, according to Tony Brown, was about the vulnerability of businesses and citizens in the wake of a catastrophe in which they were considered to be secondary. "It is critical that Federal groups and

organizations like the Fund develop emergency response systems that can help beyond the Federally-designated emergency zones."

Director Brown went on to praise the efforts of all of the organizations visited. "Despite the pressures of a national tragedy, CDFIs in New York showed great spirit in developing immediate answers to their customers' needs for emergency financing, even when it came to straining their resources." In this same spirit, Brown is dedicated to devising ways to channel more emergency funding to provide support to the important activities underway by CDFIs to bring inner city New York back. ♦

PROGRAM *News*

NACTA.. First Round Response Excellent Second Round to come..

BY ALICE VEENSTRA

The CDFI Fund, in an effort to provide greater access to capital and to help create new CDFIs in Native American and Alaska Native communities, has developed two new products.



\$3.5 million was allocated to the new Native American CDFI Technical Assistance (NACTA) Component of the CDFI Program. Under NACTA, TA grants will be made to Native-controlled CDFIs and



to entities seeking to create CDFIs. In addition, the Fund is designing the development of a

training program for the Native American and Alaska Native communities.

Applications for NACTA were due on January 24, 2002 and the Fund is pleased by the strong response to this new component: 47 applications were received. This represents a four-fold increase in the number of current or emerging financial institutions with a relationship with the Fund that primarily serve or will serve a Native American or Alaska Native community.



.....

The Fund is pleased to announce

that subsequent NACTA NOFAs will be developed. With the Fund's 2002 appropriations bill, the Fund received the authority to serve Native Hawaiian communities through NACTA and through Native training efforts.



The Fund is working on a NOFA (Notice of Funds Availability) and application for a second round of NACTA funding.

For more information on the NACTA program, please visit our website at www.cdfifund.gov.



F Y 2 0 0 2

Fund Calendar

NEW MARKETS TAX CREDIT		APPLICATION DEADLINE
NMTC PROGRAM: CERTIFICATIONS	December 2001	Open Window
NMTC PROGRAM: CREDITS	Spring 2002	TBD
<div>NEW MARKETS Information Sessions in APPALACHIA</div> <div><div><div>April 8, 2002 - Huntsville, AL</div><div>Challenger Auditorium U.S. Space and Rocket Center One Tranquility Base Huntsville, AL 35806 256/837-3400 hotel accommodations: Marriott Hotel 888/299-5174</div></div><div><div>April 10, 2002 - Pittsburgh, PA</div><div>Regional Enterprise Tower (former Alcoa Headquarters) 425 Sixth Avenue - 31st Floor Pittsburgh, PA 15219 412/281-0734 hotel accommodations: William Penn Hotel 412/553-5100</div></div></div>		
LEGISLATIVE UPDATES	Hearing Date	
House Appropriations Committee hearing - CDFI Fund	March 14, 2002	
Senate Appropriations Committee hearing - CDFI Fund	May 8, 2002	
<div>- PLEASE REMEMBER -</div> <div>NEW THIS YEAR: Please send all applications for CDFI Fund awards, by the applicable deadline to: CDFI Fund Awards Manager Bureau of Public Debt - Franchising 200 Third Street Room 211 Parkersburg, WV 26101</div>		



601 THIRTEENTH STREET, NW
SUITE 200 SOUTH
WASHINGTON, D.C. 20005
ADDRESS CORRECTION REQUESTED

FIRST-CLASS MAIL
POSTAGE & FEES
DEPT. OF THE
TREASURY
PERMIT NO. G-52